

Cyprus Thompson Creek

Post Office Box 62  
Clayton, Idaho 83227  
Telephone (208) 838-2200

November 7, 1986

Wally Scarburgh  
Permits Coordinator  
U.S. E.P.A.  
Idaho Operations Office  
422 W. Washington Street  
Boise, Idaho 83702

Dear Wally:

Enclosed is a brief write up of the announcement on the 2½ year mine plan along with the announcement of the abandonment of the plan. If you have any questions please don't hesitate to call me at 838-2200, ext. 357.

Sincerely,

*Bert Doughty*  
Bert Doughty

BD:rk/d

Enclosure

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IDAHO OPERATIONS OFFICE

**CYPRUS**

On Friday, December 11, 1985 Cyprus Minerals Company announced that they were doing a complete write-off ( $\$398 \times 10^6$ ) of the company's assets and investments at Thompson Creek. This write-off was intended to eliminate the large depreciation charges that Thompson Creek has been saddled with, hurting the overall profit and loss picture at the operation. In order to take this write down, the IRS requires that an event occur in conjunction with the write-off. The event was the announcement that Thompson Creek would immediately begin operating under a 2½ year mine plan. This plan calls for reduced stripping and production rates in conjunction with a reduction in force. The reduced stripping rate will begin immediately with stripping being eliminated completely in June of 1987. This plan reduces costs which will allow Thompson Creek to show a profit throughout the 2½ year plan. This plan gives Cyprus time to evaluate the highly competitive molybdenum market. If the market recovers to the point where a profit can be made with an increased stripping ratio, this plan will be abandoned.

On November 4, 1986 Cyprus announced its abandonment of the 2½ year mine plan and place Thompson Creek on a long term mining basis. Cyprus' efforts to obtain a price for molybdenum sufficient to place Thompson Creek on a long term operating basis has been successful. These efforts, however, have resulted in lower forecast sales of moly in 1987. To more closely match product with sales, it will be necessary to reduce production by 1/3. This reduced production and a higher moly price has allowed Cyprus to abandon the 2½ year mine plan. The mine plan now will call for twelve months of operation in the mine and 5½ months of full scale milling.

**CYPRUS**